

## Message Text

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ACTION NEA-10

INFO OCT-01 ARA-06 EUR-12 EA-07 ISO-00 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

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NSC-05 SS-15 STR-04 CEA-01 FEA-01 DODE-00 /104 W

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 6304

INFO AMEMBASSY BRASILIA

USMISSION EC BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

USMISSION OECD PARIS

AMEMBASSY OTTAWA

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

C O N F I D E N T I A L JIDDA 7307

E.O. 11652: GDS

TAGS: CIEC, EFIN, ENRG, SA

SUBJ: SAUDI MFA OPINION TOWARD CIEC

1. SUMMARY: MFA ECONOMIC DIRECTOR ALIREZA HAS GIVEN US GLOOMY SAG ANALYSIS OF CIEC TRENDS AND PROSPECTS.

2. ECONOMIC COUNSELOR AND EMBOFF TRIED NOVEMBER 3 TO DRAW OUT MFA DIRECTOR OF ECONOMIC AFFAIRS, ABDULLAH ALIREZA, ON SAG POSITION IN CIEC -- SPECIFICALLY ON DEBT ISSUES AND PROTECTION OF FINANCIAL ASSETS. ALIREZA DECLINED TO BE DRAWN OUT ON SPECIFICS, HOWEVER, AND INSTEAD GAVE US DISCOURSIVE ANSWER ON SAG'S ATTITUDE TOWARD CIEC AND RESULTS WHICH SHOULD BE EXPECTED FROM IT.

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3. ALIREZA BEGAN BY NOTING THAT COMMUNISTS WERE MOST

LIKELY TO GAIN FROM CIEC AS - AT MINIMUM - THEY WERE SEEING WESTERN INDUSTRIALIZED COUNTRIES (IC'S) PUT ON SPOT BEFORE LDC DEMANDS AND RAISED EXPECTATIONS WHILE - IF CONFERENCE FAILS-THEY WILL GAIN EVEN MORE BY RESULTANT RADICALIZATION OF LDC POSITION. BECAUSE OF HISTORY OF CONFERENCE'S FORMATION, AND SAUDI ROLE OF MODERATION IN OPEC, ALIREZA CONTINUED, SAG CONSIDERS ITSELF COMMITTED TO "GET" SOMETHING FROM IC'S FOR LDC'S. SO FAR, IC RESPONSES HAD EITHER BEEN NEGATIVE OR NON-RESPONSIVE TO REAL NEEDS OF LDC'S (HE PLACED INTERNATIONAL RESOURCES BANK AND INTERNATIONAL ENERGY INSTITUTE IN LATTER CATEGORY). HE SAID HE REGULARLY RECEIVES DIPLOMATS FROM LDC COUNTRIES WHO COMPLAIN ABOUT LACK OF PROGRESS IN CIEC. HE SAID HE RESPONDS TO THEM THAT LDC DEMANDS MUST BE PUT INTO CONTEXT OF GREATER SHARE OF GROWTH IN WORLD PRODUCT, NOT SIMPLE REDISTRIBUTION OF WEALTH. BUT SO FAR, HE SAID, IC RESPONSE EVEN TO THAT MODERATE POSITION HAS BEEN LACKING, AND HE FEARS UNHAPPY CONCLUSION TO CIEC FROM POINT OF VIEW MODERATE LDC AND NON-COMMUNIST WORLD'S INTERESTS.

4. ALIREZA IGNORED OUR POINT THAT FORMATION OF IFAD HAS BEEN ACTIVELY PUSHED BY IC'S IN CIEC FOR VERY PURPOSES OF HAVING CONCRETE RESULTS TO SHOW, LIMITING HIMSELF TO REPEATING HIS KNOWN POSITION THAT SAG HAD GIVEN ALL IT COULD TO IFAD. WE NOTED AS WELL THAT SAG ALSO PROTECTED ITS OWN PARTICULAR INTERESTS IN CIEC CONTEXT (VIDE DR TAHER'S ATTACK ON EC PROPOSAL FOR ENERGY PRICE CONSULTATIONS, OR REPEATED INSISTENCE ON PROTECTION FOR FINANCIAL ASSETS), BUT ALIREZA SIMPLY SHRUGGED OFF THESE COMMENTS.

5. COMMENT: THE MFA DOES NOT HAVE ACTION RESPONSIBILITY FOR CIEC, AND WE BELIEVE IT HAS VERY LITTLE ROLE IN DRAFTING INSTRUCTIONS (SUCH AS THEY ARE) GIVEN TO SAUDI DELEGATES. STILL, ALIREZA IS WELL PLUGGED IN, AND AN OLD COLLEAGUE OF CHIEF SAUDI DELEGATE, TAHER; HIS OPINIONS ON THE GENERAL TREND OF CIEC ARE PROBABLY AN ACCURATE REFLECTION OF SAG ATTITUDES, EVEN THOUGH HIS KNOWLEDGE OF THE SPECIFICS IN THE NEGOTIATION IS THIN.

6. ABD AL AZIZ DUKHAYL, SAUDI DELEGATE TO THE FINANCE COMMITTEE  
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MISSION, HAS JUST BEEN PROMOTED TO ASSISTANT DEPUTY MINISTER OF FINANCE, AND WE UNDERSTAND HE WILL NO LONGER PARTICIPATE IN CIEC AS DELEGATE. THIS PROBABLY MEANS THAT SAUDI POSITION ON PROTECTION OF FINANCIAL ASSETS WILL NO LONGER BE PUSHED WITH DUKHAYL'S FORCE OR BLUNTNESS, BUT WE CANNOT BE SURE UNTIL WE KNOW NAME AND ATTITUDES OF HIS SUCCESSOR.  
HORAN

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